
CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

SECTION 601.0 ARCHITECTURAL AND ENGINEERING FEES

The Commonwealth's policy is to compensate Architects and Engineers in a fair and reasonable manner for providing the high quality services required by the **Manual**. Compensation or fees should be negotiated based on the Scope of Work for the particular project, the estimated effort (man-hours) necessary to accomplish the work, and hourly rates comparable to those earned by other equally competent architects, engineers, technicians, and support personnel in the Commonwealth. This chapter provides guidance for determining fair and reasonable fees by using a detailed fee proposal describing the services to be provided and showing the estimated man-hours by discipline and skill level and the corresponding hourly rates for each.

SECTION 602.0 A/E FEE PROPOSAL STANDARDS AND GUIDES

The A/E is expected to be thoroughly familiar with the **Manual** and the definitions, scope of services, submittal requirements, technical criteria and standards, standard procedures, and standard forms required. These basic requirements, combined with the specific project requirements, are the basis for the fee proposal.

Competitive negotiations for professional services are based on qualifications. However, most often all of the A/E firms selected for interview are fully qualified technically to provide the services required for the project and the ranking of the A/E's is based on other factors such as recent experience on a similar project, A/E workload and perceived ability to meet the schedule, or similar factors. Therefore, the top ranked firm is considered "fully qualified technically and best suited" for the work. With this in mind the intention is to negotiate hourly rates and fees for services which are fair and reasonable to the A/E, the Agency, and the taxpayers of the Commonwealth of Virginia.

602.1 Plans and Specifications :

The A/E should be aware and keep in mind that there are differences between private work and Commonwealth of Virginia work as described in Chapter 5. Particularly, the A/E must conform to **Manual** requirements for describing and specifying the Work to be performed as part of the construction contract. The A/E must also conform to the requirements of the *Virginia Public Procurement Act* as clarified and expanded upon in the **Manual**.

602.2 Personnel Classifications and Hourly Rates:

The following shall be used as guidance by the A/E in developing its fee proposal and by the Agency in evaluating the proposal and negotiating the fees for services.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

A/E Project Technical Personnel:

Technical personnel shall be construed to mean the A/E's Project Manager/Coordinator, architects (licensed), engineers (licensed) by discipline, designers including non-licensed architects and engineers, project inspector, surveyor, survey team, interior designer, landscape architect, draftsman, estimator, specifications writer, typist/clerical staff, field inspectors, and CADD computer operators.

"Principals", "Partners", "Associates", "CEO" and similar titles are generally considered by the Commonwealth to be administrative and/or management functions whose costs have been included in the overhead markup of the rates for technical categories.

Technical activities which are performed by principals, etc., are categorized for fee negotiations, for change orders, and for hourly rate payment at the rates indicated for the technical activity or function that the Principal, etc., may be performing. See the descriptions of Personnel Classifications below.

Hourly Rates:

The hourly rates proposed for the various classifications, categories, disciplines, and skill levels should be comparable to the average actual salary of qualified and competent persons in that skill level as marked up or adjusted for overheads and profit. Overhead markup consists of direct technical salary overhead (or "fringes") such as payroll taxes and insurances, vacation, holidays, health insurance premiums, and other benefits and of general office overhead such as administrative salaries, rent, utilities, business and liability insurances, telephone, equipment rental and depreciation, travel, promotion, etc. **Hourly rates agreed to shall be the "marked –up" rates including all overheads and profit.**

General review, negotiations, supervision and such by the principals or other senior personnel are usually considered part of the general office overhead expense included in the hourly rates or the activity is part of the "project management" function.

The Owner shall have the right to require the A/E to submit documentation to support the proposed hourly rates with mark-up factors proposed for use in the fee negotiations and fee determination when the proposed hourly rates exceed what the Owner considers the "norm" for the area.. The average hourly rates by classification including markups which are negotiated and accepted in fee negotiations shall be recorded and listed in the Memorandum of Understanding which is appended to the A/E contract.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

A/E accounting methods and procedures for determining overhead and "marked-up" hourly rates often vary. For instance, policies on vacation, sick leave, holidays and employer contributions to insurance vary from A/E to A/E. Methods of tracking manhours and expenses vary depending on whether the A/E is determining its overhead rates or the profitability of each project. The procedures presented herein use the "tax return" approach where general materials, supplies, depreciation of computers and software, insurances, and such, are treated as general office overhead expenses.

The negotiated rates should be comparable to those of similarly experienced and qualified personnel in those classifications in Virginia firms providing similar services. Where the marked-up hourly rate for any classification exceeds \$125.00 per hour for an A/E Project Manager / Coordinator, or exceeds \$100.00 per hour for other technical classifications, documentation justifying the higher rate must be approved by the Agency Contracting Officer / Chief Facilities Officer and that documentation of that approval included in the record of the negotiations.

Technical Personnel Classifications

The following personnel classifications, categories, disciplines and skill levels descriptions are recognized as those directly involved with the coordination, planning, quality control and delivery of the A/E services required for the project:

A/E Project Manager / Coordinator - An experienced and licensed architect or engineer who has overall responsibility for the planning, design, coordination of all disciplines, quality assurance, and delivery of the A/E services to the Agency.

Note: A Principal of the A/E firm may perform this function, especially in a small firm. In larger firms a Principal, Associate or similar "titled" person of the A/E firm may be assigned this responsibility. Regardless of title, the function is the same and the marked-up rate should be comparable to Project Managers of other firms in Virginia.

Architect (Professional) - A registered and licensed architect who has the knowledge, skills and experience to perform all architectural services required for the project and who is qualified to be in "responsible charge" of the architectural aspects of the project.

Cost Estimator - Skills required include a knowledge of building systems and components, the ability to read plans and specifications, the ability to make quantity takeoffs and apply pricing, the ability to obtain pricing information from reliable sources and adjust/apply such information to the specific project conditions and the ability to present a cost estimate with proper back up documentation.

CADD / Draftsperson - The skills required of this level position include tracing work already drawn to scale; drafting plans, sections and details to scale from sketches and data; modifying typical sections and details to be project/situation specific; and other miscellaneous duties supporting the preparation of contract documents. *Note: Depending on the personnel,*

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

organization and operation standards of the A/E, Designers (Architects and Engineers), Draftsman, or both may be required to use CADD or have CADD skills.

Designer (Architects and Engineers) - Architects and/or engineers who by education, practical experience or a combination of education and experience have the knowledge and skills to perform analyses, calculations, and/or detailing for portions of a project in a particular discipline. This level person usually has either a degree and is gaining experience to become certified - licensed - registered or has many years of experience in layouts, detailing and/or calculations and works under the supervision of a licensed professional.

Engineers - Structural, Mechanical, Electrical, Civil (Professional) - A licensed professional engineer who has the knowledge, skills and experience to perform the analyses and design, to prepare the documents for the particular discipline and to be "in responsible charge" of that discipline.

Landscape Architect - A certified landscape architect who has the knowledge, skills and experience to provide the design and documents for the site landscaping for the project.

Interior Design - A certified interior designer who has the knowledge, skills and experience to provide the interior design services and documents for the project.

*Note: The layout of spaces, selection of finishes, and similar functions are Basic Services whether the A/E uses an Architect or an Interior Designer. "Additional Service of an Interior Designer" for Fee calculations / negotiations on state work relate to furnishings and accessories which are not part of the construction contract and are further explained in Section 507 of this **Manual**.*

Specification/Report Writer - A professional level architect or engineer skilled in writing technical specifications for building and site related systems, equipment and components. The Writer shall also be skilled in preparing contract documents and understand the basic legal requirements and applications thereof.

Typist/Clerical - Skills required include a knowledge of the terms and procedures of the design and construction process and a proficiency in the use of word processing and spreadsheet applications used in the production of specifications, reports and associated typing and clerical functions.

602.3 Additional Services

Chapter 5 describes the Basic Services required of the A/E as well as the responsibilities of the Agency and typical additional services that the Agency requests the A/E to perform.

The A/E and Agency will normally determine the additional services (i.e. services in addition to the "Basic Services" identified in the **Manual**) required of the A/E prior to or during contract negotiation and negotiate the fees for such services at the same time as the basic services fee negotiation. The additional services to be provided by the A/E and the

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

compensation for such shall be set out in the Contract or the MOU. Once the contract is signed, any additional or extra services required will be a change in scope and shall be authorized in writing by Change Order using Form CO-11a/e. Any Change Order authorizing work to be performed which does not stipulate a fixed sum amount for the work shall be subject to audit by the Agency and/or the State Auditor for a period of three (3) years following conclusion of the Contract.

602.4 Computer Services

Computer use is commonplace in the A/E profession for analyses, designs, drafting (plans), word processing (specifications) and estimating. As such, the computer is a "tool" used by the technical person to produce his/her product. These "tools" are purchased and depreciated or leased and are, therefore, considered a part of the A/E's office overhead expense included in its overhead. Only specialized computer services required by the Owner which must be acquired from an outside vendor are considered for payment in fee negotiations.

Computerized analyses and designs for building systems, word processing, and data processing utilized by the A/E to provide Basic Services are normally considered by the Commonwealth to be a part of the project design effort and are not an additional service required by the Agency.

Specialized outside computer analysis services **required by the Agency** for the project may be treated as an additional service. The compensation for such specialized computer analyses may be a negotiated lump sum or a reimbursable expense. The allowable reimbursable expense method will normally be the actual charge made by an outside computer service organization plus 10% for A/E overhead and profit.

602.5 Special Consultants:

Consultants engaged by the A/E to augment the A/E's staff to provide the required A/E services are considered by the Commonwealth to be part of the A/E's staffing for the project.

The Agency may require the use of a special consultant with a particular expertise related to some feature of the project. The Architect / Engineer shall engage such a required consultant, subject to the Agency's approval, and incorporate such work in the services for the project. The compensation for such consultant shall be negotiated and set out in the MOU and included in the total A/E fee. The A/E will normally be allowed to mark up the Agency approved direct cost to the A/E of such special consultant by 10% for the A/E's overhead and profit.

602.6 Reimbursable Expenses:

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

- (1) The costs of telegrams, FAX transmissions, long distance phone calls, postage and similar expenses incurred by the A/E in the performance of the Contract are considered by the Commonwealth to be a part of the A/E's overhead expenses and are not normally reimbursable.
- (2) The Agency shall reimburse the Architect/Engineer for the reproduction of drawings, specifications, and other documents required for initial schematic, preliminary, working drawing and Bid Set submittals in accordance with the policy in Chapter 8 at the actual costs plus 10% markup for handling. If resubmittals are required to correct deficiencies and/or complete the documents for submittal, the cost of reproduction for these submittals shall be borne by the A/E unless waived by the Agency.
- (3) Where the A/E is engaged by the Agency to secure the reproduction of the Bid Documents, the A/E may be reimbursed for the actual direct cost of reproduction plus a mark up of 10% to account for the A/E's overhead and handling cost in securing this service for the Agency. The cost of reproduction and sending addenda to address BCOM review comments, clarify or supplement the Bid Documents and/or correct errors or omissions are considered to be an expense of the A/E and shall not be included in the allowable reimbursement costs.
- (4) The Agency shall reimburse the Architect/Engineer for the actual costs of overnight or second day shipping of submittals and /or shop drawings when such method of shipping is directed by the Agency. The Agency should establish a budget amount for such reimbursements and include same in the Contract amount and as a line item in the MOU breakdown of the Fee.
- (5) Compensation for travel and living expenses associated with the performance of the project scope of work will be included in the fee negotiated and set out in the MOU as a lump sum amount for travel and/or subsistence for each particular facet of the work where travel compensation is proposed by the A/E.
- (6) The A/E may be reimbursed for travel and living expenses of technical personnel while traveling in the discharge of duties in connection with extra services authorized by the Agency. The travel rates and the per diem rates for lodging and subsistence shall not exceed the maximum amounts allowable for such expenses in the Commonwealth's Travel Regulations. Records supporting such requests for reimbursement shall be subject to audit by the Agency and/or the State Auditor.
- (7) Each item / account planned for reimbursement should have a "budget" amount established and included in the Contract with the condition that payment for these items will be subject to proper authorization and documentation. Further, the Contract Amount will be adjusted upward or downward by Change Order, as appropriate, based on the actual amounts approved for reimbursement.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

- (8) "The Agency will normally pay BCOM for the first schematic submittal review, the first preliminary submittal review, the first working drawing review and the review of the one corrected and highlighted bid set of documents. If additional submittals and reviews are required, the agency may require the A/E to reimburse the agency (by change order to the A/E contract or otherwise) for the actual costs of such additional review unless the A/E can submit justification satisfactory to the agency demonstrating why the A/E should not be held accountable / responsible for such costs."

602.7 Interior Design:

The A/E's basic architectural services includes sizing of spaces for the intended function, providing diagrammatic furniture layouts to the client to confirm functional layouts, and the selection and specification of building fixtures and finishes which are necessary to provide a complete and useable facility and/or which are included in the construction contract.

"Interior design" as used in this **Manual** as an additional service pertains to the design, selection, arrangement and color coordination of furniture, furnishings and accessories. These items include but are not limited to desks, chairs, lamps, tables, screens, planters, artwork, draperies and similar furnishings which are procured separately from the construction contract.

The "interior designer" shall verify the actual building surface finish colors applied by the Contractor and coordinate the selection of colors, fabrics and textures with the building colors. The "interior design" services also include the coordination with and preparation of procurement materials for the Division of Purchases and Supply for the furniture, furnishings and accessories.

SECTION 603.0 A/E FEE PROPOSAL WORKSHEET (FORM CO-2.3)

The Architect/Engineer shall prepare a detailed fee proposal using the G. S. Form E & B C0-2.3. The hourly rates and the manhours proposed should relate to the rates and times required for a qualified and competent person in that skill level to perform the work. Supplemental information shall be attached as necessary to support the proposed drawings, hourly rates and manhour estimates. Guides for the use of the form are as follows:

- Disciplines/Classifications commonly used are indicated on the form. Additional classifications may be listed.
- Hourly rates should be the average for those persons in that skill level/discipline/classification.
NOTE: It is generally perceived that a person being compensated at a rate higher than the norm would be more efficient / productive / take less manhours than a person being compensated at a rate below the norm.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

- Indicate the drawing size and proposed/estimated number of sheets for each discipline. Attach a proposed or estimated list of drawings.
- Enter the Estimated (proposed) number of hours for each discipline/skill level and multiply times the Hourly Rate to yield the Estimate Cost.
- CADD line is for drafting hours to produce a CADD basic plan for each level, wing or area to use as a base sheet for the various disciplines. The manhours to produce the individual sheets for each discipline, whether manually or CADD, should be shown for the applicable discipline.
- Spec/Report Writer effort includes the mark up and edit of standard and/or master specification sections and writing any required special sections.
- Typist effort includes typing new specification sections and editing masters on the word processing program.
- Cost Estimate effort includes the takeoff of quantities and the application of prices to produce the Cost Estimate in the required format.
- Bid Assistance service includes the effort of the Professional to conduct the Prebid Conference, assist in opening Bids, and evaluate the bids / bidders for responsiveness and responsibility. It also includes the clerical level effort to receive document deposits, issue bid documents, receive/review returned bid documents and return deposits / issue refunds.
- Shop Drawing Review includes the professional/technical level effort to review shop drawings and other submittals to determine compliance and conformance with the requirements of the Contract Documents and the markup / approval of same. It also includes the clerical level effort to log submittals in and out, to copy markups from the reviewer's master review set to the copies being returned to the Contractor and others, and the distribution of same.
- Record Drawing Preparation includes the efforts of a Drafting level person to transfer data from the Contractor's "As Built" set of drawings and specs to the "Record Copy" reproduces. This work also includes the Professional / Technical Level effort to compare the "As Builts" to the "Record Copy" for correctness.
- Construction Observation and Administration includes the Professional / Technical level effort to perform the on site inspections / observations, job meetings, payment request evaluations and administrative functions required by the contract and the Clerical level effort to type minutes of meetings and similar functions.
- The Additional Services portion of the Worksheet is generally self explanatory for the items listed. If those items are proposed to be provided by outside consultants / subcontractors

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

(excludes architectural, structural, mechanical, & electrical disciplines which are considered the A/E), the subcontract negotiated amount may be marked up 10% by the A/E for A/E overhead and profit. In-house additional services should be computed using the estimated manhours and marked up hourly rates similar to the Basic Services Fee Proposal.

SECTION 604.0 PROPORTIONING OF THE A/E FEE AND PAYMENTS:

604.1 Phases of the Work:

Payments to the Architect or Engineer for Design Phase and Construction Phase Services shall be based on the negotiated fee amount as proportioned for each phase of the project. The amount approved for progress payments shall be based on the Owner's judgment of the proportion of the work on that phase or facet which has been completed versus the work required / value of that phase or facet. The A/E fee shall be proportioned for each phase or facet of the work and shown in the A/E Contract or in the M O U. The proportioning of the fee should account for and show the negotiated amount for the following phases or facets of work:

- **Predesign services (Additional Services such as studies and similar activities.)**
- **Design Phase services include**
 - Schematic phase
 - Preliminary phase
 - Working drawing phase
- **Bidding phase services**
- **Construction phase services include**
 - Shop drawing/submittal reviews and admin
 - Site visits, inspections and admin
- **Project closeout**
 - Maintenance & Operations Manuals
 - Record Drawings
- **Budgeted Reimbursable Amounts**
- **Additional services (itemize)**

In addition to the proportional amount due for Design Phase or Construction Phase Services, the A/E shall be entitled to payment for authorized additional services performed and for authorized reimbursable costs incurred during the period.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

Where the Agency contracts with the A/E for less than or more than the basic services indicated for the various phases, the proportioning of the fee may be adjusted accordingly and shown in the Memorandum of Understanding.

Where a detailed breakdown of the A/E fee is not provided in the CO-2.3 Fee Proposal Worksheet used for negotiations, the total negotiated A/E fee (excluding additional services and reimbursables) will be proportioned as follows:

Design Phase Services	=	75 % of Total Fee
Construction Phase Services	=	25 % of Total Fee

In consideration of the services required by the Manual, the proportioning of the A/E fee for progress payments during the various parts of the Design Phase and the Construction Phase will be as follows:

DESIGN PHASE SERVICES

- (1) **Schematic Design Phase** - Value of the Schematic Phase is 20% of the Design Phase Fee. This phase is complete when outstanding issues are resolved, the schematics are approved, and the A/E is authorized to prepare Preliminaries.
- (2) **Preliminary Plans and Specifications (Design Development Phase)** - Value of the Preliminary Phase is 30% of the Design Phase Fee. However, a proportional part may be billed monthly during the development of the documents. This phase is complete when outstanding issues are resolved, the preliminaries are approved as evidenced by completion of the conditions shown on the Form CO-5 and the A/E is authorized to prepare Working Drawings.
- (3) **Working Drawings and Specifications (Construction Documents Phase)** – Value of the Working Drawings Phase is 50% of the Design Phase Fee. However, a proportional part may be billed monthly during the development of these documents. This phase is complete when outstanding issues are resolved, all changes have been made to the documents so that they are ready for bidding, and the working drawings and specifications are approved as evidenced by completion of the conditions shown on the Form CO-6.

Note: The Agency may withhold as retainage an amount not exceeding 5% of the dollar value of progress payments for the Design Phase Fee until the Working Drawings, including all corrections required to resolve review comments, are finally completed and acceptable. See Section 315 of this **Manual**.

CONSTRUCTION PHASE SERVICES

- (4) **Bidding Phase** - Value of this phase is 5% (maximum) of the fee amount for Construction Phase Services and is due upon award of the construction contract or rejection of bids (unless the A/E is obligated to redesign at no additional fee). Reimbursement for reproduction expenses for bidding documents would also be payable.
- (5) **A/E Construction Period Services**- Value of this phase is 90% of the Construction Phase Services fee amount. This 90% is usually prorated over the total construction period

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

including the 30 days allowed for punch list corrections and billed monthly during the construction phase as construction progresses.

- (6) **Project Closeout Phase** – The remaining 5% of the fee (or sum as stipulated in the Contract or MOU) for Construction Phase Services is allocated to closeout and Record Drawing preparation. It shall be payable when the A/E's services for the project are fully completed and "Record" drawings and specifications are delivered to Agency, as set forth in Chapter 10.

604.2 Payments to the A/E:

Payments to the A/E shall conform to the requirements in Section 315 of the **Manual**.

604.3 Payments by the A/E:

Payments by the A/E to its consultants, subcontractors and suppliers shall conform to the requirements in Section 316 of the **Manual**.

SECTION 605.0 DETERMINING CHARGES FOR CHANGES IN THE SCOPE OF WORK:

605.1 Changes to the Scope of Services:

- 605.1.1** The Agency shall notify the A/E in writing when a change in scope or “extra services” are required. The Agency and A/E shall develop a defined scope for the services and the A/E shall prepare a fee proposal for such work. A lump sum fee will normally be negotiated and agreed on and a written change order (CO-11a/e) issued before the extra work is performed (i.e., changes in the plans or specifications, models, studies, etc.). In such cases, the fee negotiations will be based on the defined scope change or work to be done, the estimated technical personnel time to accomplish the work times the rates listed in the Memorandum of Understanding, and any reimbursable expenses authorized.
- 605.1.2** When the scope cannot be defined to allow a reasonable estimate of time required, the Agency may authorize the additional work at the hourly rates or unit costs listed in the Memorandum of Understanding. In such cases, the Agency shall establish maximum fee limits, as applicable. Work beyond the maximum fee limit shall require justification and the Agency's approval prior to proceeding with further additional work.
- 605.1.3** Many of the revisions or requirements included in a Revision to the **Manual** are made to reflect changes in the *Code of Virginia* or other requirements which must have immediate compliance.

Therefore, a revision to the **Construction and Professional Services Manual** (and the **A/E Manual**) shall be effective on the date stipulated and shall apply to **any and all** projects for which an approved C0-6 has not been issued as of the date printed on the revision.

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

Prior to approval of Preliminaries and issuance of the CO-5, Revisions to the **Manual** can generally be incorporated in the A/E's work with little or no additional effort. If the A/E claims that incorporating the Revision into its services requires extra work, the A/E must notify the Agency of this claim and submit documentation to the Agency to clearly support such claim within 60 days of the distribution date of the Revision.

If, after the CO-5 is issued and before the CO-6 is issued, the A/E determines that including changes resulting from the revision will require additional work on his part, the A/E shall, within 60 days of the distribution date of the revision, provide to the Agency an itemized list of the additional work required by the revision. The Agency may obtain direction, guidance, and/or waivers from the Division of Engineering and Buildings as to which proposed additional A/E work items may be waived and which work items are valid extra work items. The Agency shall then provide direction to the A/E and if necessary, issue a change order for the work.

Agencies and their A/E's shall assure that the documents submitted for review contain the latest design requirements, the latest editions of forms and the latest editions of the standard Instructions to Bidders and the General Conditions.

605.2 Hourly Rates for Changes in Work:

The Agency and the A/E shall at the time of fee negotiations establish and record in the Memorandum of Understanding the nominal hourly rates for all technical personnel categories, disciplines and/or skill levels to be used to calculate A/E fees for extra services or changes in the work. The hourly rates listed shall include all markups and adjustments for taxes, insurances, benefits, overhead, profit, etc. Acceptable categories are indicated in Section 602.2.

Technical activities by principals, such as Project Manager, Architect, or Engineer, are categorized for payment at the rates indicated for the technical activity or function being performed.

605.3 Overtime for Changes in Work:

No overtime requiring rates higher than regular rates shall be considered for payment for additional services. Consideration of the time for approved personnel when traveling in connection with the project (when such travel is required by the Contract and authorized in writing by the Agency) shall be construed to be time engaged on the project up to the completion of an 8 hour workday.

605.4 Invoices for Changes in Work:

Invoices or statements of expenses incurred by the A/E for reimbursables and for work authorized to be performed on an hourly rate or unit cost basis shall be rendered to the Agency monthly. *Invoices shall be supported by a certified accounting of the time expended*

CONSTRUCTION & PROFESSIONAL SERVICES MANUAL – 2004

CHAPTER 6: FEES AND PAYMENTS FOR A/E SERVICES

by date, by person and the skill level of the work being done. (e.g. Drafting would be paid for at the “drafting” rate regardless of who does the work – principal, draftsman or trainee.) Statements shall show the cost during that period and indicate the status of the authorized work. The reporting of these costs shall be in such form and detail as required by the Agency. The A/E’s disbursement and job records shall be subject to audit by the State for work done on a reimbursable and/or hourly or unit cost basis. The Agency shall notify the A/E of any defect or deficiency in the invoice including supporting data within ten (10) days after receipt of same, and payment of approved invoices, or portions thereof, shall be made within 30 days after receipt of the invoice.

605.5 Audit of A/E's Records:

Any Change Order authorizing work to be performed which does not stipulate a fixed sum amount for the work shall be subject to audit by the Agency and/or the State Auditor for a period of three (3) years following conclusion of the Contract. Also, any authorization for payment of reimbursable expenses shall be subject to audit by the Agency and/or the State Auditor for a period of three (3) years following conclusion of the Contract.

SECTION 606.0 CHANGES TO A/E CONTRACT:

Changes in the Scope of Work and/or Cost of the A/E Contract (GS Form E&B CO-3 and CO-3.2) will be documented through the execution of a GS Form E&B CO-11a/e, A/E Contract Change Order. Any A/E contract change order which increases the original contract amount by more than 25 percent or \$50,000, whichever is greater, must have the prior approval of the Governor or his designee. The first Change Order which causes the cumulative total of Change Orders to exceed \$50,000 or 25 percent of the original Contract Price, whichever is greater, and all subsequent A/E Change Orders which increase the Contract Amount must have the prior approval of the Governor or his designee. Submit the CO-11a/e in two copies to the Bureau of Capital Outlay Management for approval.